

ST 04-0034-GIL 01/29/2004 FARM MACHINERY & EQUIPMENT EXEMPTION

In general, a generator or stand-by generator used in the production of electricity to operate machinery or equipment that qualified for an exemption would also qualify for the exemption. See 86 Ill. Adm. Code 130.305. (This is a GIL.)

January 29, 2004

Dear Xxxxx:

This letter is in response to your letter dated August 14, 2003, in which you request information. We apologize for the delay in responding to your inquiry. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I recently purchased a stand-by generator for a new hog building. The sales tax amount is \$953.13. Could I get a legal ruling to become exempt from sales tax. This will be used primarily for agricultural production. If so, could you please send me the proper form. I am familiar with ST-587.

**DEPARTMENT'S RESPONSE:**

For information regarding the Farm Machinery and Equipment Exemption, See 86 Ill. Adm. Code 130.305. In general, a generator or stand-by generator used in the production of electricity to operate machinery or equipment that qualified for an exemption would also qualify for the exemption. For example, equipment used to generate electricity to operate an automated livestock feeder required by the production process would qualify for the exemption. However, equipment used to generate electricity for general heating, lighting, or ventilation equipment would not qualify for the exemption. The generator or stand-by generator must be primarily used in production agriculture (i.e., used in a qualifying manner over 50% of the time) in order to be exempt.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton  
Associate Counsel

TDC:msk